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INCOMING TELEGRAM

Department of State

CONFIDENTIAL 56-51 Action Control: 10671 Rec'd: October 16, 1959 NEA FROM: Baghdad 1:50 p.m. Info TO: Secretary of State SS G NO: 954, October 16, 1 p.m. SP C L PRIORITY INR H SENT DEPARTMENT 954; REPEATED INFORMATION PRIORITY LONDON 159, EUR PRIORITY TEHRAN 125, BASRA UNNUMBERED. P UOP DEPTEL1119. E IRC Fully share Department's concern over situation developing DCL Shatt-al-Arab, both as regards use of Khosroabad and insistence ships bound for Iranian ports must fly Iranian flag. OCB (British Embassy Tehran has reported refusal fly flag will USIA result blacklisting of all ships and harbor craft belonging CIA to companies concerned and that blacklisting will apply to OSD all Iranian ports, not merely those in Shatt.) ARMY NAVY There can be no question that Tragi elements hostile to the AIR US will make capital out of Iranian action, charging it US instigated. Supporting evidence which could be adduced RMR includes recent CENTO meeting Washington and presence there Tranian Prime Minister, plus well known American interests in Iranian oil, US military and economic aid to Iran, direct involvement Pan-American in Khosroabad question, and generally close US-Iranian relations. was Marke to be now been appeared by

I therefore concur in proposed demarche to Iranian Government. If it is made and produces more conciliatory Iranian attitude, I should be fully prepared discuss question in general terms with Foreign Minister Jawad and urge that Iraqis take concrete step discuss Khosroabad and other aspects of Shatt dispute with Iranians. Do not think it would be useful for me to talk to Qassim on this subject especially at present juncture. This might be done later if necessary.

I have

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-2- 954, October 16, 1 p.m., from Baghdad

I have talked whole question over with British Ambassador this morning and find we are in complete agreement. I judge from him, however, that British are, naturally less interested than we in Khosroabad question and attach less importance to this motivation for Iranian action.

We here unable comment re Iraqi arguments that technical reasons bar use Khosroabad.

JERNEGAN

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